

Working with Disabilities

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A COMMON MISSION. A WEALTH OF POSSIBILITIES.

Report Focus

The Labor Force Behavior, Employment and Earnings Experiences, and Labor Market Problems of the Working-Age Population with Disabilities in Massachusetts in 2003 and 2004

Introduction

Working age adults with disabilities are among the demographic target groups served by vocational rehabilitation and workforce development in Massachusetts and the U.S. In recent years, the estimated number of adults (16–74 years) with disabilities residing in Massachusetts was about 509,000. Many experience educational, training, transportation, and institutional barriers to employment and fair wages, which place them at risk for unemployment, underemployment, and poverty/near poverty. Knowledge of their labor market experiences, both positive and negative, is required for the design and implementation of vocational rehabilitation policies and programs that successfully put people with disabilities back to work.

To improve our knowledge on the labor force behavior, labor market experiences, and labor market barriers to adults with disabilities in Massachusetts, a comprehensive analysis was undertaken of data from the American Community Surveys (ACS) for calendar years 2003 and 2004. Nearly 13,000 households in Massachusetts completed ACS questionnaires during each of these two years. The survey collected information on the types of disabilities experienced, demographic and socioeconomic characteristics, labor force activity at

the time the survey was completed, and employment and earnings experience in the twelve-month period immediately preceding the survey. Findings for the adult population (16–74 years old) of people with disabilities in Massachusetts were compared to those for other New England states and the U.S..

Labor Force and Employment

On average, during calendar years 2003–2004, 36% of adults with disabilities in Massachusetts were participating in the civilian labor force, meaning they were either working or actively looking for work. This rate was well below the 78% rate of participation for people without disabilities, but in line with the labor force participation rate for adults with disabilities across the country. Members of the labor force with disabilities in Massachusetts faced a very high unemployment rate (16%) compared to a 6% unemployment rate for people without disabilities. As a consequence of their relatively low employment participation rate and high unemployment rate, only 30% of the adults with disabilities in Massachusetts were considered “employed” in 2003–2004, versus 74% of their non-disabled peers. The Employment/Population (E/P) ratio of adults with disabilities in Massachusetts was only one percentage point below that of adults with disabilities across the country, but Massachusetts ranked 38th among the 50 states on this core employment measure.

The labor force participation rates of adults with disabilities in Massachusetts varied across gender, age, racial-ethnic and educational subgroups. Men with disabilities (41%) were somewhat more likely than women (31%) with disabilities to be attached to the labor force. Labor force attachment was highest among the youngest adults with disabilities (20–24

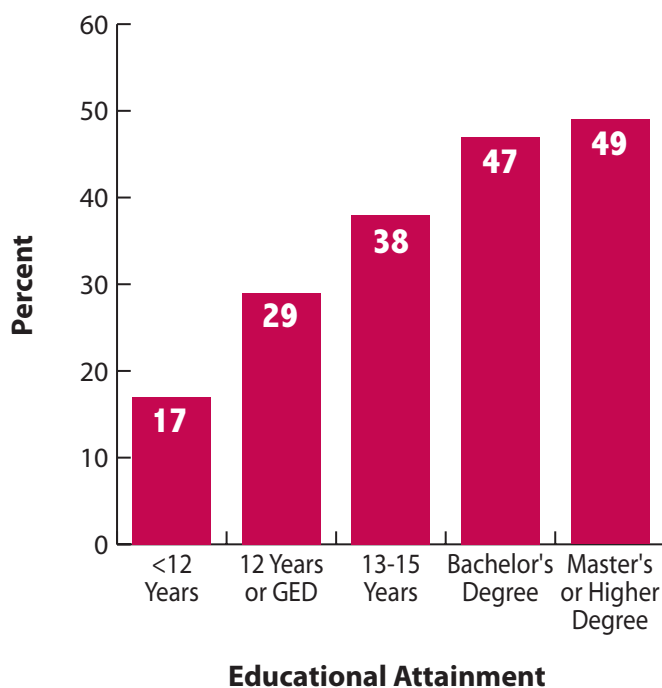
Report Released: June 2006**Authors:** Ishwar Khatiwada, Joseph McLaughlin, Andrew Sum, Paulo Tobar, and Sheila Palma

years), but the rate fell steadily and steeply with age. While 32% of the 55–64 year olds with disabilities participated in the civilian labor force, the participation rate fell to 13% among those 65–74 years old. A number of adults with disabilities were not actively looking for work but did reveal a desire for employment in the 2004 and 2005 ACS.

Labor force participation rates among racial/ethnic groups with disabilities were highest for blacks (43%) followed by Asians and whites (37%) and lowest for Hispanics (24%). The very low rate of labor force participation among Hispanics with disabilities in Massachusetts stands in sharp contrast to their experience nationwide. Nationally, the participation rate (38%) of Hispanics was as high as that of both Asians and whites.

As was the case in both New England and the U.S., labor force participation rates of adults with disabilities in Massachusetts varied with education. There appears to be a strong link between poor employment prospects, low educational levels, and disability status. The higher the level of education, the greater the likelihood of participation in the labor force. Of adults with disabilities, only 23% of those who lacked a high school diploma or a GED certificate were in the labor force, compared to 33% of those with a high school diploma and nearly 55% of adults with a Bachelor's or higher academic degree. The least educated members of the adult population in 2003–2004 were also the most likely to report having a disability.

Chart 1: Employment with Disability/Population Ratios of the Massachusetts Population by Educational Attainment (in %)



Unemployment among the state's workers with disabilities was very high in 2003–2004. Nearly 1 of every 6 members of the Massachusetts' labor force who had a disability was unemployed. Their unemployment rate was 2.5 times higher than that for workers without a disability. High unemployment rates among those who report severe disabilities were found among blacks (32%), Hispanics (34%), people below age 35, and high school dropouts (26%). Facing high rates of unemployment may discourage people with disabilities from actively seeking work, thereby contributing to a hidden unemployment problem.

Only 30% of Massachusetts' adult population with disabilities were employed during an average month in 2003–2004. Employment rates for these workers were higher among men (34%) than women (27%), lowest among those 65–74, and four times as high among those 20–24 years old. Employment rates were also strongly associated with educational attainment. People with disabilities who had a Bachelor's or higher degree were three times more likely to be at work than those who lacked a high school diploma or a GED certificate.

The employment rate of adults with disabilities in Massachusetts was below that of their counterparts in each of the other New England states and only ranked 38th among the 50 states and the District of Columbia. The state's rankings were higher among the best educated people with disabilities and lowest among those lacking a high school diploma (44th) and high school graduates with no post-secondary schooling (39th). Making Massachusetts a national leader in the employment of people with disabilities could contribute in an important way to the growth of the resident labor force and employment populations. If the E/P ratio of the adult population with disabilities in Massachusetts was raised to the average of the five highest performing states in the nation, then the number of employed adults with disabilities in Massachusetts would have risen by 65,000 in 2003–2004.

Geographic Variations

Estimates of employment rates for adults with disabilities (16–74 years old) in Massachusetts were available for eight counties and two central cities (Boston and Springfield). Across the eight counties, employment rates for people with disabilities ranged from lows in Suffolk (28%) and Hampden Counties (30%) to highs in Norfolk (39%) and Middlesex Counties (41%). In the city of Springfield, only 20% of those who had disabilities were estimated to be employed as compared with 30% in the city of Boston. The lower employment rates of people with disabilities in the city of Springfield and Hampden County were accompanied by higher disability

rates in 2003–2004. These combined conditions suggest labor market problems for people with disabilities, deserving the attention and support of vocational rehabilitation and workforce development program administrators.

Labor Market Problems

Besides facing a high rate of unemployment, people with disabilities also encounter other labor market problems, including hidden unemployment (wanting a job but not actively looking) and underemployment, i.e., working part-time due to an inability to secure desired full-time hours. A large share of Massachusetts' working age population, 27,000 residents, or 24% of adults with disabilities were unemployed, underemployed or members of the labor force reserve in 2004–2005. This underutilization rate of 24% was somewhat lower than that for the New England region (28%) or the U.S. (32%). The relative size of the underutilized labor pool with disabilities for Massachusetts, New England, and the U.S. was more than two times higher than that of their counterparts without disabilities (See Chart 2).

Job Characteristics

Seventy three percent of the workers with disabilities in Massachusetts were employed in private sector wage and salary positions, a share that was 4 percentage points lower than that of their peers without any disability. Workers with disabilities (15%) were somewhat more likely than the non-disabled (13%) to be employed in government jobs. Approximately 11% of Massachusetts' workers with disabilities were self-employed.

Seventeen percent of the employees hired by the health care and social service industry in Massachusetts reported having a disability, making it the largest single industry employing workers with disabilities. Massachusetts' manufacturing sector was the second largest employer of workers with disabilities, employing 11% of all workers with disabilities. The shares of workers employed in manufacturing with and without disabilities were nearly identical. The retail sales industry was the third largest employer of workers with disabilities (14%). Between 6% and 7% of workers with and without disabilities held jobs in the construction industry.

Nearly 25% of workers with disabilities in Massachusetts were employed in skilled and semi-skilled blue-collar occupations compared to only 18% without disabilities. Fifteen percent of workers with disabilities held jobs in office and administrative support occupations compared to 13% of workers without disabilities. Sales and related occupations employed 11% of workers both with and without disabilities. In management, computer and mathematical occupations,

workers with disabilities were under-represented (10% vs. 14%). Workers with disabilities were also under-represented in healthcare practitioner and technical occupations (3% vs. 6%).

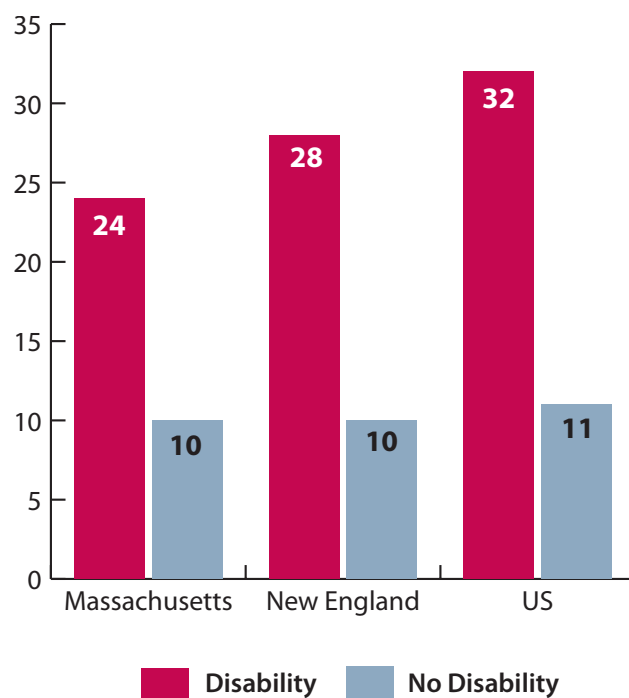
Annual Earnings

The mean annual earnings of adult workers with disabilities who worked year-round, full-time (40+ weeks per year at 35+ hours per week) were estimated at \$43,272. This earnings level was \$13,000 or 23% below the annual earnings of all year-round, full-time workers without disabilities. Similar findings prevailed for New England and the U.S.; Massachusetts ranked 4th highest among all 50 states on the mean annual earnings of its workers with disabilities in 2003–2004.

Among race-ethnic groups, the mean annual earnings of full-time, year-round workers with disabilities in Massachusetts ranged from lows of \$29,000 to \$31,000 among blacks and Hispanics to a high of \$45,000 among whites. Mean annual earnings for year-round, full-time work also varied considerably by age group, ranging from a low of \$19,000 for 16–19 year old workers with disabilities to a high of \$56,000 for 65–74 year olds with disabilities.

The mean annual earnings of workers with disabilities in our state were strongly and positively associated with the number of years of formal schooling that they had completed. Among workers with disabilities in Massachusetts, mean annual earnings ranged from a low of \$30,400 among workers without a high school diploma, to \$33,592 among holders

Chart 2: Underutilization Rates Populations with or without disabilities, March 2004–March 2005 (in %)



of a high school diploma/GED, to \$39,500 among those with some college, to \$58,000 among those with a Bachelor's degree to a high of \$68,373 among holders of Master's degrees or higher. Compared to workers without disabilities, the mean annual earnings of workers with disabilities was 7% lower for those without a high school diploma, 12% to 14% for those with a high school diploma, some college or a Bachelor's degree, and 24% lower for those with a Master's or higher degree.

Among workers with disabilities, gender, race-ethnicity, educational attainment, nativity, marital status, industry and current occupation were strong predictors of annual earnings. According to the ACS data for Massachusetts in 2003–2004, male workers with disabilities, all other things being equal, earned 31% more than their female counterparts. Black workers with disabilities earned 18% less than their white counterparts. The concrete value of the educational services provided as part of vocational rehabilitation is demonstrated in our findings that workers with disabilities who had a Bachelor's or Master's or higher degree, earned 63% and 82% more than their peers with only a high school diploma. The annual earnings of foreign born workers with disabilities, were 22% lower than those of their native-born counterparts.

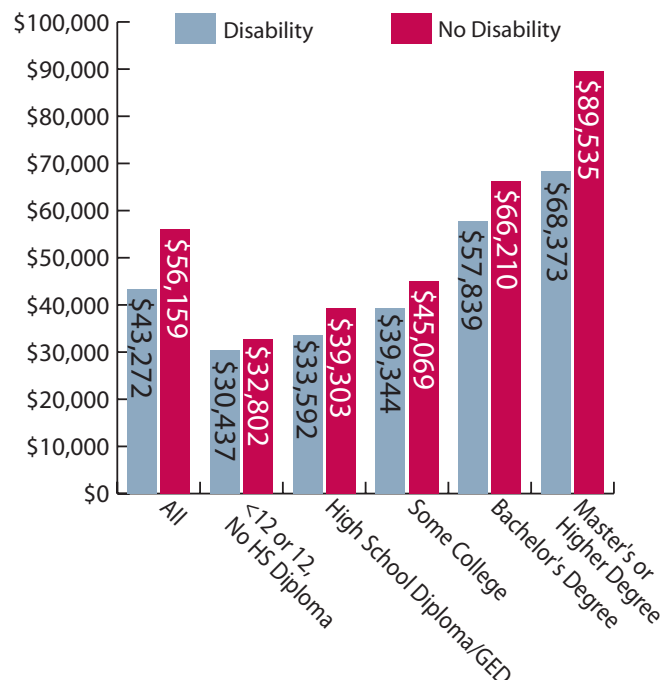
As one would expect, the annual earnings of workers with disabilities were significantly influenced by the occupations in which they were employed. Workers with disabilities holding jobs in healthcare practice and technical occupations earned 79% more than people with disabilities who worked in food preparation and production occupations. People with disabilities holding jobs in management, business and finance occupations earned 57% to 68% more than those who worked in food preparation and production occupations.

The industry of employment also had a major impact on the earnings of workers with disabilities. Those employed in utilities, construction, healthcare and social services, wholesale trade, finance and insurance, and public service earned 27% to 64% more than their counterparts with disabilities who were employed in retail trade or with the state, holding their background characteristics and occupations constant.

Disability Policy and the Aging Population

Current and future demographic developments in Massachusetts are likely to lead to a substantial rise in the number of people with disabilities, especially those 55–74 years old. This age group will experience the highest rate of growth over the 2004–2015 period, and the incidence of disability tends to increase with age, especially after age 54. Given the accelerated graying of the Massachusetts' population in the coming decade and the projected high level of growth in the state's older population with disabilities, efforts to improve the employability of the state's older population with disabilities should be given a high priority by the state. An expansion of vocational rehabilitation services can help achieve a number of desirable economic and social goals, including an expansion of the size of the state's resident labor force, a reduction in the high unemployment rate of people with disabilities, and an increase in the supply of qualified workers to address existing skill shortages. A coordinated and comprehensive set of vocational rehabilitation, workforce development, education, and job development/placement services will be needed to achieve these desirable objectives.

Chart 3: Mean Annual Earnings by Disability Status and Educational Attainment Levels, Massachusetts, 2002–2003 Averages



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